

AMENDMENTS TO THE CENTRAL INTELLIGENCE AGENCY  
RETIREMENT AND DISABILITY SYSTEM (CIARDS)

INTRODUCTION

Background

During the past two months numerous changes have been proposed to substantially alter retirement programs for federal employees. Legislation which would bring all new federal employees entering on duty after 1 January 1984 into Social Security has passed the House of Representatives and has been sent to the Senate, where similar legislation has been reported out of the Senate Finance Committee. Floor action in the Senate is expected soon, and enactment is virtually assured.

In addition, the Administration's budget proposals for FY 84 contain several proposed changes to the current Civil Service Retirement System (CSRS), most notably proposals to raise the retirement age with full benefits from 55 to 65 and to reduce retirement annuities by 5 percent for each year an individual retires below age 65. These changes would impact on 80 percent of CIA employees. The Administration has also indicated a desire to raise the retirement age under CIARDS from age 50 to age 60. Together, these proposals pose serious potential problems for the Central

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Intelligence Agency. These management and morale issues have been discussed in detail in other papers and will not be enumerated here. Suffice it to say that the Agency must be prepared to protect its ability to carry out its vital intelligence mission.

In determining the need for legislation, we must look not only at the present and the impact of the current proposed changes on CIA, but also to the future and to what further changes may lie ahead. It appears safe to assume that further changes to the CSRS and to the Social Security system will be made by this or future Administrations in the coming years, and that these changes are unlikely to be favorable from the standpoint of individual employees. This may, therefore, be the time for CIA to attempt to secure its own retirement system for all its employees. To establish a new retirement system to encompass only those new employees joining CIA after 1 January 1984 would leave 80 percent of current CIA employees under the CSRS and subject to further deleterious changes in that system, some of which probably would be carried over onto the current CIARDS. A new CIA retirement system to cover all current and new employees, established by amendments to CIARDS, might avert these difficulties.

#### Purpose

This paper presents an initial examination of the amendments to CIARDS which would be necessary to establish

a retirement system for all CIA employees. If a decision is made to pursue this course of action, a more detailed analysis will be necessary so that appropriate legislation can be drafted.

#### OVERVIEW OF PROPOSED AMENDMENTS TO CIARDS

CIARDS is now structured to pertain to a limited number of employees who qualify for participation and are so designated by the Director. Several technical amendments must, therefore, be made at the beginning of the Act to establish CIARDS for all Agency employees. Then, a two-tiered retirement system can be established within CIARDS. To provide a retirement program for the 80 percent of CIA employees who are not or will not be covered by CIARDS as we know it today will require a separate and distinct plan within the new amended CIARDS. For the purposes of this paper, the plan to cover the majority of CIA employees is designated "Plan A" and the current CIARDS system for the remaining 20 percent of Agency employees is designated "Plan B."

Until now, the CSRS has been an adequate retirement plan for 80 percent of CIA employees and has not interfered with CIA personnel management needs. Plan A, therefore, can be structured to resemble the current CSRS. However, to prevent the necessity of having to oppose any future detrimental changes to CSRS, Plan A should not reference CSRS provisions in title 5. Instead, those provisions in title 5 which we want to adopt for our own CIARDS plan A

should be fully spelled out so as to have viability separate and distinct from the CSRS. Plan B would incorporate most of the current provisions within CIARDS and thus CIARDS as we know it now would remain basically unchanged.

What follows is an outline of the amendments needed to the current sections of CIARDS and an initial listing of new provisions necessary to establish Plan A.

#### PROPOSED AMENDMENTS TO CIARDS

##### Technical Amendments

-- Amend the title of CIARDS, striking out "For Certain Employees," so that it will read "Central Intelligence Agency Retirement Act of 1964."

-- Amend the enacting clause at the beginning of the Act so that coverage under CIARDS no longer applies to a limited number of employees.

TITLE I -- PART A

-- Section 101. Amend the title of the Act.

PART B

-- Section 111. Amend this section to include those definitions which would apply equally to both Plan A and Plan B. As for the current definitions --

- (1) "Agency" -- remain unchanged;
- (2) "Director" -- remain unchanged;
- (3) "Qualifying service" -- should be moved to definitional section for Plan B: definition of "employee" could be inserted here;
- (4) "Fund balance" -- remain unchanged;
- (5) "Unfunded liability" -- remain unchanged;
- (6) "Normal cost" -- remain unchanged.

TITLE II -- PART A

- Section 201(a). Amend so as to give the Director the authority to establish, notwithstanding the provisions of any other law, a retirement system composed of Plans A and B which together would cover all CIA employees.
- Section 201(b). Remains unchanged.
- Section 201(c). Strike and move to Title IV, Plan B.
- Section 202. Remains unchanged.
- Section 203. Strike and insert section 261 of CIARDS, amended as necessary.
- Add a new Section 204 to consist of current section 262 of CIARDS.

New Provisions

TITLE III -- CIARDS, PLAN A

- Define Plan A participants as all CIA employees who are not otherwise covered by the provisions of Plan B;
- Define creditable service for purposes of Plan A, looking at the provisions in 5 U.S.C. 8332 and current sections 251, 252, and 253 of CIARDS;
- Define eligibility for annuity (see 5 U.S.C. 8333 and section 204 of CIARDS);
- Establish amounts for deductions, contributions, and deposits (see 5 U.S.C. 8334 and sections 211, 221(h), 252, and 253 of CIARDS);
- Establish age and other requirements for voluntary retirement (see 5 U.S.C. 8336 and section 233 of CIARDS);
- Establish requirements for disability retirement (see 5 U.S.C. 8337 and section 231 of CIARDS);
- Establish terms for deferred retirement (see 5 U.S.C. 8338 and section 234 of CIARDS);
- Establish computation of annuities (see 5 U.S.C. 8339 and sections 221(a), (b)(1), (4), (h), and (k) of CIARDS);
- Establish cost-of-living adjustments for annuities (see 5 U.S.C. 8340 and section 291 of CIARDS);
- Define eligibility for survivor annuities (see 5 U.S.C. 8341 and sections 221(b), (c), (d), (f), (g), and (h) of CIARDS);
- Establish terms for lump-sum benefits (see 5 U.S.C. 8342 and section 234 of CIARDS);
- Establish requirements and contributions for additional annuities (see 5 U.S.C. 8343 and section 281 of CIARDS);

- Establish terms for payment of benefits; commencement, termination, and waiver of annuities (see 5 U.S.C. 8345 and section 221 of CIARDS);
- Establish exemption from legal process and means for recovery of payments (see 5 U.S.C. 8346 and sections 263 and 264 of CIARDS);
- Establish terms for annuities and pay on reemployment (see 5 U.S.C. 8334 and section 271, 272, and 273 of CIARDS).

#### Current CIARDS

#### TITLE IV -- CIARDS, PLAN B

- Define participants under Plan B using the current section 203;
- Insert current section 201(c);
- The rest of Plan B would consist of the present provisions of CIARDS beginning with section 204 except for:
  - striking sections 261 and 262; and
  - striking Part K -- Conformity with Civil Service Retirement System.

#### Additional Considerations

There are presently instances where provisions and definitions in CIARDS are similar but not identical to provisions in the CSRS. For example, the definition of "widower" in CIARDS is not identical to the definition used in the CSRS. In developing legislation to establish a separate and distinct retirement system for CIA, consideration will have to be given to the degree of conformity desired with the CSRS for Plan A and, where feasible, between Plan A and Plan B.